

Message Text

LIMITED OFFICIAL USE

PAGE 01 TRIPOL 00251 261038Z

17

ACTION EB-07

INFO OCT-01 AF-06 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FEA-01 PA-01 PRS-01 /110 W
----- 015020

R 251520Z FEB 76

FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 3002
INFO AMEMBASSY LAGOS
AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY CAIRO
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TUNIS
AMEMBASSY VALLETTA
AMEMBASSY MOSCOW

LIMITED OFFICIAL USE TRIPOLI 0251

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: LIBYA SEEKS INCREASED OIL PRODUCTION

REF: TRIPOLI 0210

1. OIL INDUSTRY SOURCES TELL US LARG MINISTRY
PETROLEUM HAS SENT LETTERS TO ALL COMPANIES REQUESTING
AN INCREASE IN CRUDE PRODUCTION LEVELS OVER NEXT FIVE
YEARS WHILE TARGETED PRODUCTED LEVELS MAY NOT BE MET
IN CASE OF EACH COMPANY, THE POLICY DECISION SHOULD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TRIPOL 00251 261038Z

HAVE THE EFFECT OF INCREASING LIBYAN PRODUCTION TO

SOMEWHERE NEAR 2-3 MILLION BPD AVERAGE FOR 1976.

2. OASIS GROUP (CONTINENTAL, MARATHON AND AMERADA) HAVE BEEN ASKED TO PRODUCE AT 900,000 BPD RATE FOR 1976 AND AT 850,000 BPD AVERAGE FOR FOLLOWING FOUR YEARS. ESSO'S NEW ALLOWABLES HAVE BEEN SET AT 271,000 BPD FOR 1976, DECREASING STEADILY OVER FOLLOWING FOUR YEARS. LIBYAN NATIONAL OIL COMPANY IS EXPECTED TO INCREASE PRODUCTION BY MORE THAN 150,000 BPD. OCCIDENTAL AND MOBIL HAVE ALSO BEEN ASKED TO RAISE PRODUCTION.

3. ALTHOUGH MINISTRY PETROLEUM OFFICIALS HAVE TIED NEW ALLOWABLES TO DEVELOPMENT REVENUE REQUIREMENT, CURRENT AND PROJECTED LIBYAN BUDGETARY SPENDING CAN BE MET AT LESS THAN 2 BILLION BPD RATE AT CURRENT PRICE LEVELS. LARG PROBABLY WISHES REBUILD RESERVES WHICH WERE DRAWN DOWN DURING PERIOD LOWER OIL PRODUCTION AND HIGH RATE DEVELOPMENT SPENDING IN 1974-75. IN ADDITION, LIBYA MAY HAVE MOUNTING SHORT-TERM CASH REQUIREMENTS FOR FURTHER SOVIET ARMS PURCHASES, LIBYAN ARMED FORCES BUILDUP, AND AIR TO LIBERATION GROUPS AND FRIENDLY ARAB GOVERNMENTS. ALSO POSSIBLE THAT LAR MAY FEEL NEED GIVE SOME SUBSTANCE PROMISES PREVIOUSLY MADE TO OTHER AFRICAN STATES THE QIKZI OF WHOSE HEADS OF STATES AND OTHER OFFICIALS TO TRIPOLI IS ALMOST UNCEASING.

4. TOTAL CURRENT LIBYAN CRUDE OIL PRODUCTION CAPACITY WITHOUT MAJOR NEW CAPITAL INVESTMENTS, IS ESTIMATED AT 2.5MILLION BPD. LIBYAN PRODUCTION AVERAGED 1.5 MILLION BPD IN 1974 AND 1975, DOWN FROM 2.2 MILLION BPD IN 1973 AND THE ALL-TIME HIGH OF 3.6 MILLION BPD IN 1970. COMPANIES HAVE BEEN KEEPING LIBYAN INVESTMENTS AT MINIMUM PAST FEW YEARS AND THERE IS SOME QUESTION WHETHER NEW ALLOWABLE PRODUCTION LEVELS CAN BE MAINTAINED FOR ALONG WITHOUT SIGNIFICANT NEW CAPITAL OUTLAYS. OASIS IN PARTICULAR WILL NEED SUBSTANTIAL SUMS FOR PIPELINE IMPROVEMENT AND MACHINERY REPLACEMENT TO MEET AND SUSTAIN NEW LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TRIPOL 00251 261038Z

PRODUCTION LEVELS. MUCH OF THIS INVESTMENT MUST BE BORNE BY LARG, AS MAJORITY SHAREHOLDER.

5. COMPANIES WILL ALSO BE SEEKING PRICE/PROFITABILITY ASSURANCES BEFORE MAKING ANY HARD AND FAST COMMITMENTS ON PRODUCTION. LIBYA HAS NOT JOINED IN RISING PRICES OTHER LIGHT AFRICAN CRUDES -- ANOTHER INDICATION

SERIOUSNESS OF LIBYA'S CURRENT DESIRE TO RAISE PRODUCTION
AND INCREASE REVENUES. MINPETROLEUM MABROUK CONTINUES
TO GIVE OILMEN ASSURANCES ON STABLE PRICES THROUGH
NEXT JUNE AND PRICE FLEXIBILITY THEREAFTER. OILMEN
WILL NEED MORE THAN MABROUK'S ASSURANCES BEFORE ADDING
TO THEIR LIBYAN ASSETS, AND WE EXPECT HARD BARGAINING
BETWEEN COMPANIES AND LARG OVER SOURCE NEW INVESTMENT
FUNDS.
CARLE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PETROLEUM PRODUCTION, FIVE YEAR PLAN
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TRIPOL00251
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760072-0520
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760212/aaaaaklk.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 TRIPOLI 210
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2004 by greeneet>; APPROVED <06 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LIBYA SEEKS INCREASED OIL PRODUCTION
TAGS: ENRG, LY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006